

Message Text

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43

ACTION EB-11

INFO OCT-01 CIAE-00 COME-00 DODE-00 NSAE-00 RSC-01 TRSE-00

EUR-25 AEC-11 ADP-00 RSR-01 MC-02 /052 W

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R 171030Z AUG 73

FM AMCONSUL STUTTGART

TO SECSTATE WASHDC 1822

INFO AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMCONSUL DUESSELDORF

AMCONSUL FRANKFURT

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EXCON FOR COMMERCE

E.O. 11652: N/A

TAGS: ESTC, GW

SUBJ: MEMORY STORAGE UNIT AND MISCELLANEOUS COMMENTS OF C.J.

MCVEY

REF: STUTTGART 0683

BEGIN SUMMARY COMMENT:

DEFYING SUMMARIZATION, THIS TELEGRAM IS AN ABBREVIATED MEMCON WITH C.J. MCVEY, CHAIRMAN OF FAIRFIELD MEMORY INC., WHO HAS SPENT THE PAST WEEK TRYING TO UNDERSTAND AND EXTRICTE HIMSELF FROM A DEAL THAT SEEMS TO HAVE INVOLVED LORENZ OF STUTTGART, WHO HAS MADE THE EXCON DENIAL LIST. MCVEY'S SUNDRY COMMENTS, AFTER SEVERAL MEETINGS WITH LORENZ, MAY OFFER SOME TIPS FOR OEC TO FOLLOW-UP. BETTER YET, WE SUGGEST THAT OEC CONTACT MCVEY WHEN HE RETURNS TO THE U.S. ON OR AFTER AUGUST 20. A SELF-ASSURED PERSON-ALITY AND EXPERIENCED IN THE COMPUTER BUSINESS, HE MAY HAVE MORE INSIGHT INTO THE LORENZ SHENNANIGANS WHICH OEC OFFICERS CAN BEST EVALUATE AND PUT INTO PERSPECTIVE. END SUMMARY.

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1. MCVEY RETURNED TO CONGEN ON AUGUST 16 AND OFFERED

DEBRIEFING SESSION. HIGHLIGHTS OF HIS MISCELLANEOUS COMMENTS:

A. FAIRFIELD (MCVEY) IS COMPLETELY OUT OF THE SCHWAHN BUY-BACK AND LEASE DEAL, WHICH HAD EXIM BANK PARTICIPATION THROUGH THE LASELLE NATIONAL BANK IN CHICAGO. HE HAS ALSO RECOVERED HIS CHECK FROM BANK IN ZURICH AND RELATED L/C'S

B. NEWEST WRINKLE IS THAT SCHWAHN SOLD HIS COMPANY, UNKNOWN TO MCVEY, TO CBS-COMPUTER SERVICE SOFTWARE BERATUNGS GMBH IN REUTLINGEN, EFFECTIVE JULY 1. (QUICKLY-AVAILABLE INFORMATION INDICATE CBS WAS REGISTERED ON FEBRUARY 20, 1973, WITH KLAUS POLITZ OF REUTLINGEN AS MANAGER. OFFICIAL REGISTRY CONFIRMS PURCHASE OF SCHWAHN K.G.) MCVEY USED THIS DISTURBING SWITCHOVER, RATHER THAN MEMORY UNIT SEIZURE, AS BASIS FOR IMMEDIATE CANCELLATION OF EXISTING AGREEMENTS WITH SCHWAHN KG.

C. SCHWAHN CLAIMED HE WAS NOT PARTY TO ATTEMPTED TELEX MEMORY UNIT DIVERSION, THAT THE KEY MOVES WERE MADE AFTER HIS DEPARTURE. PRIVATELY, SCHWAHN IMPLIED TO MCVEY HE COULD SEE TROUBLE COMING, HE DIDN'T LIKE THE WAY HE WAS BEING USED, AND SEVERAL HIS LORENZ BUSINESS CONNECTION BEFORE THE DIRT HITS THE FAN.

D. AFTER LONG SOCIAL SESSIONS WITH SCHWAHN AND LORENZ, MCVEY IS CONVINCED, BUT HAS NO SOLID EVIDENCE, THAT ALL EQUIPMENT IN HIS PACKAGE DEAL WITH SCHWAHN WAS ACTUALLY EARMARKED FOR SHIPMENT TO THE SOVIET UNION.

E. WHILE OVER-IMBIBING, LORENZ LET SLIP THAT COD (DUESSEL-DORF) OWNERS ARE STRAW MEN, SET UP IN BUSINESS BY AND FOR LORENZ. LORENZ ALSO HINTED THAT COD'S USEFULNESS HAS BEEN COMPROMISED AND THAT IT WILL GO OUT OF BUSINESS AS QUIETLY AND QUICKLY AS POSSIBLE.

F. BITS AND PIECES PICKED UP ALSO LEAD MCVEY TO BELIEVE THAT LORENZ IS COMMITTED TO DELIVER A 370/158 COMPUTER TO THE SOVIET UNION WITHIN THE NEXT COUPLE MONTHS AND LORENZ DOES NOT HAVE ONE IN THE PIPELINE. MCVEY'S ADVICE TO THE USG: BE ALERT; ANOTHER TELEX MEMORY STORAGE UNIT MAY ALREADY BE LIMITED OFFICIAL USE

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IN LORENZ EXTENDED CONTROL, HOWEVER, BOUND FOR RUSSIA WITH LOVE.

1. MCVEY ALSO THINKS HE KNOWS THE KEY LORENZ SOURCE FOR VERBOTEN IBM PARTS AND ACCESSORIES, AN IBM MAN IN THE NETHERLANDS. MENTIONED ONLY ONCE IN PASSING, THE NAME MAY BE SOMETHING LIKE HOLZCLOUGH. MCVEY KNOWS HIM AS AN OCCASIONAL STRINGER FOR FAIRFIELD, WHO, FOR A FINDER'S FEE,

PASSES ON LEADS ON PENDING IBM SALES TO THE COMPETITION SUCH
AS FAIRFIELD.

2. MCVEY PLANS TO RETURN TO THE U.S. THE WEEK OF AUGUST 20.
HE SAID HE WOULD GET IN TOUCH WITH OEC IN DUE COURSE TO
DISCUSS WHAT HE THINKS LORENZ IS STILL UP TO AND HOW HE IS
DOING IT. RUCHTI

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